

No. 8/24/DPbS

Jakarta, October 20, 2006

CIRCULAR LETTER

To

ALL SHARIA RURAL BANKS  
IN INDONESIA

Subject : Assets Quality Rating for Sharia Rural Banks

Following the enforcement of Bank Indonesia Regulation Number 8/24/PBI/2006 dated October 5, 2006 concerning Assets Quality Rating for Sharia Rural Banks (State Gazette of the Republic of Indonesia Number 76 of 2006, Supplement to the State Gazette of the Republic of Indonesia Number 4645), it is necessary to enact implementation provisions concerning Assets Quality Rating for Sharia Rural Banks in a Bank Indonesia Circular Letter with main provisions as follows.

I. GENERAL PROVISIONS

1. As the business improves, it is necessary for an SRB to maintain its business sustainability, among other things, through the enhancement of its capability and effectiveness in managing credit risk and minimizing potential losses in the provision of funds
2. Financing quality rating and classification represent results of assessment on factors influencing customer's condition and performance, namely based on promptness and/or capability in liability payment by the customer, and taking into consideration on

judgment ...

judgment factors as well.

## II. FINANCING QUALITY

The Financing quality rating and classification as referred to in number I.2 shall be based on criteria as described in Appendix to this Bank Indonesia Circular Letter.

## III. CONCLUDING PROVISIONS

Provisions in this Bank Indonesia Circular Letter shall come into force since January 1, 2007.

For the public to be informed, it is ordered that this Bank Indonesia Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

MIRANDA S. GOELTOM  
Senior Deputy Governor